

Consolidated financial statements

Municipality of the County of Victoria

March 31, 2022

Contents

	<u>Page</u>
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of changes in net debt	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 25
Schedule of tangible capital assets	26- 27

Municipality of the County of Victoria

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Audit Committee. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the County of Victoria and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Municipality of the County of Victoria

Leanne MacEachen, CPA, CA
Chief Administration Officer

Alix Redden, MBA, CPA, CMA
Chief Financial Officer

October 19, 2022

Independent auditor's report

To the Warden and Council of the Municipality of the County of Victoria

Qualified opinion

We have audited the consolidated financial statements of the Municipality of the County of Victoria ("the Municipality"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion paragraph*, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at March 31, 2022, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

Canadian public sector accounting standards requires a comparison of the results for the accounting period with those originally planned. Planned results should be presented for the same scope of activities and on a basis consistent with that used for actual results. Alderwood Corporation and Highland Manor Municipal Housing Corporation, housing operations controlled by the Municipality, do not have a formal budgeting process in place, including board approval for a formal budget. Therefore, the budgeted amounts for revenues and expenses relating to housing operations are not presented in these consolidated financial statements. Our opinion on the consolidated financial statements for the Municipality for year ended March 31, 2022 is modified as a result of this departure from Canadian public sector accounting standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Sydney, Canada
October 19, 2022

Chartered Professional Accountants

Municipality of the County of Victoria

Consolidated statement of financial position

March 31

2022

2021

Financial assets

Cash and cash equivalents (Note 1)	\$ 17,483,788	\$ 15,416,531
Taxes receivable (Note 2)	735,796	865,951
User charges receivable	169,932	235,464
Receivables from governments (Note 3)	370,978	426,298
Other receivables (Note 4)	355,112	383,807
Replacement reserve investment	8,131	8,131
Restricted cash (Note 1)	<u>2,669,393</u>	<u>2,446,546</u>
	<u>21,793,130</u>	<u>19,782,728</u>

Financial liabilities

Payables and accruals	3,027,990	2,493,261
Deferred revenue (Note 14)	2,763,584	2,368,062
Capital renewal fund (Note 1)	2,669,393	2,446,546
Other liabilities	529,324	212,267
Sick leave benefit liability (Note 12)	700,243	634,396
Long term debt (Note 6)	<u>21,393,556</u>	<u>23,603,224</u>
	<u>31,084,090</u>	<u>31,757,756</u>

Net debt **(9,290,960)** (11,975,028)

Non-financial assets

Tangible capital assets (Note 5 and Pages 26 - 27)	28,268,634	27,543,277
Prepays and other non-financial assets	<u>104,316</u>	<u>91,480</u>
	<u>28,372,950</u>	<u>27,634,757</u>

Accumulated surplus **\$ 19,081,990** \$ 15,659,729

Contingencies (Note 9)

Approved by:

_____ Warden _____ CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

Consolidated statement of operations

Year ended March 31

2022

2021

	Budget (Note 16)	Actual	Actual
Revenue			
Taxes	\$ 9,656,609	\$ 9,805,528	\$ 9,397,169
Less: regional centre for education registration	<u>(2,451,199)</u>	<u>(2,451,200)</u>	<u>(2,391,724)</u>
Municipal taxation	7,205,410	7,354,328	7,005,445
Grants-in-lieu of taxes	1,989,214	2,028,107	1,959,497
Government grants and capital contributions	778,977	1,837,031	460,578
User charges and water rates	611,000	605,683	607,821
Other revenue	792,410	1,114,594	834,139
Collections for other governments	-	-	235,939
Sale of services	94,255	106,184	108,712
Interest revenue	8,600	69,397	43,020
Department of Health and Wellness – housing operations	-	10,175,888	10,718,575
Sale of services – housing operations	-	1,541,360	1,524,410
Sundry - housing operations	-	87,549	81,040
Miscellaneous revenue	<u>-</u>	<u>96,943</u>	<u>273,206</u>
	<u>11,479,866</u>	<u>25,017,064</u>	<u>23,852,382</u>
Expenses			
General government services	3,647,071	3,176,620	2,641,465
Protective services	3,036,193	2,970,611	2,888,151
Transportation services	474,281	636,348	595,858
Environmental health services	2,900,158	2,399,816	2,291,410
Economic development services	126,000	110,278	114,387
Public health and welfare services	54,367	28,410	36,083
Recreation and cultural services	609,638	356,056	329,637
Housing operations	-	11,044,936	11,670,928
Water treatment and distribution	714,529	729,176	613,778
Transfers to other governments	<u>74,448</u>	<u>142,552</u>	<u>317,153</u>
	<u>11,636,685</u>	<u>21,594,803</u>	<u>21,498,850</u>
Annual surplus	<u>\$ (156,819)</u>	<u>3,422,261</u>	2,353,532
Accumulated surplus, beginning of year		<u>15,659,729</u>	<u>13,306,197</u>
Accumulated surplus, end of year		<u>\$ 19,081,990</u>	<u>\$ 15,659,729</u>

Municipality of the County of Victoria

Consolidated statement of changes in net debt

Year ended March 31

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ (156,819)	\$ 3,422,261	\$ 2,353,532
Amortization of tangible capital assets	-	1,121,768	1,168,663
Purchase of tangible capital assets	-	(1,847,125)	(622,819)
Proceeds on disposal of tangible capital assets	-	-	47,088
Loss on disposal of tangible capital assets	-	-	<u>28,283</u>
	(156,819)	2,696,904	2,974,747
Change in prepaid expenses and other non-financial assets	<u>-</u>	<u>(12,836)</u>	<u>82,450</u>
Decrease in net debt	<u>\$ (156,819)</u>	2,684,068	3,057,197
Net debt			
Beginning of year		<u>(11,975,028)</u>	<u>(15,032,225)</u>
End of year		\$ (9,290,960)	\$ (11,975,028)

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

Consolidated statement of cash flows

Year ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 3,422,261	\$ 2,353,532
Amortization of tangible capital assets	1,121,768	1,168,663
Loss on disposal of tangible capital assets	<u>-</u>	<u>28,283</u>
	4,544,029	3,550,478
Increase (decrease) in:		
Prepays and other non-financial assets	(12,836)	82,450
Taxes receivable	130,155	238,358
User charges receivable	65,532	42,750
Receivables from governments	55,320	(202,082)
Other receivables	28,695	(13,592)
Payables and accruals	534,729	(127,483)
Capital renewal fund	222,847	231,383
Deferred revenue	395,522	360,670
Other liabilities	317,057	10,308
Sick leave benefit liability	<u>65,847</u>	<u>(318,750)</u>
	6,346,897	3,854,490
Capital activities		
Purchase of tangible capital assets	(1,847,125)	(622,819)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>47,088</u>
	(1,847,125)	(575,731)
Financing activities		
Repayment of long term debt	(2,209,668)	(959,384)
Proceeds from new long term debt	<u>-</u>	<u>3,606,000</u>
	(2,209,668)	2,646,616
Investing activities		
Replacement reserve investment	<u>-</u>	<u>(37)</u>
Net increase in cash and cash equivalents	2,290,104	5,925,338
Cash and cash equivalents		
Beginning of year	<u>17,863,077</u>	<u>11,937,739</u>
End of year	<u>\$ 20,153,181</u>	<u>\$ 17,863,077</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 17,483,788	\$ 15,416,531
Restricted cash	<u>2,669,393</u>	<u>2,446,546</u>
	<u>\$ 20,153,181</u>	<u>\$ 17,863,077</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies

Principles and basis of consolidation

The consolidated financial statements of the Municipality of the County of Victoria are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality which are owned or controlled by the Municipality. In addition to general government tax-supported operations and the water utility operations, they include the following:

Alderwood Corporation
Highland Manor Municipal Housing Corporation

Also consistent with public sector accounting standards for government partnerships, the following organizations are also included and are accounted for using the proportionate consolidation method:

Eastern District Planning Commission – 16.7% (2021 – 16.7%)

Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for the general operations, the water utility, 16.7% of the Eastern District Planning Commission, Alderwood Corporation and Highland Manor Municipal Housing Corporation. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Reserves for future expenditures

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are reflected as an adjustment to the respective fund.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates for the Municipality include amortization of tangible capital assets, the valuation allowances on receivables, the sick leave benefit liability and the deferred benefit pension liability.

Revenue recognition

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

Cash and cash equivalents

Cash and cash equivalents include undesignated cash of \$6,507,255 (2021 - \$3,648,235) and internally designated cash of \$10,976,533 (2021 - \$11,768,296). These totals include cash on hand and balances with banks.

Restricted cash and capital renewal fund

The restricted cash represents cash received from the Nova Scotia Department of Health that is required to be invested by Alderwood Corporation and used, with the Department's approval, to support future replacement of facility components in accordance with the Department's policies for asset replacement and their theoretical useful life. These funds are deferred and will be recognized when the related expense is incurred. During the year, the Corporation received \$222,847 (2021 - \$231,383) in contributions which were deferred.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies (continued)

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net debt for the year.

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on May 17, 2021 in its original fiscal plan. They also include budgets prepared and approved by controlled entities in accordance with Public Sector requirements. Note 16 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment which includes costs that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized using the following rates and basis:

Buildings and structures	1%, straight line, 2.5% - 4%, declining balance
Equipment	
Pumping and purification	1%, straight line
Machinery	10%, declining balance
Water delivery lines	1%-1.3%, straight line
Meters and hydrants	1%-1.3%, straight line
Vehicles	30%, declining balance
Computer	30%, declining balance

A full year of amortization is charged in the year after acquisition. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are recorded as revenue.

The Municipality does not capitalize interest as part of the costs of its capital assets.

When conditions indicate that a tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies (continued)

Segmented information

The Municipality of the County of Victoria is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government services

This segment is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

Protective services

The segment is primarily responsible for contracted policing, fire protection, and bylaw administration for its residents.

Transportation services

The Municipality is responsible for the maintenance of roads and sidewalks. They are also responsible for the street lighting within the Municipality.

Environmental health services

This segment is responsible for the maintenance and operations of waste management provided to residents and other customers.

Economic development services

This segment is responsible for funding of various economic development agencies.

Public health and welfare services

This department is responsible for supporting programs to help lower income households maintain, acquire or rent safe, adequate and affordable housing.

Recreation and cultural services

The recreation segment is responsible for promoting and offering opportunities and activities to the Municipality's residents including programs and active living programs.

Housing operations

This department is responsible for the operations of the long term care facilities.

Water treatment and distribution

This department is responsible for the maintenance and operations of water services provided to residents and other customers.

Transfers to other governments

This department is responsible for the transferring of funds collected on behalf of the other government entities.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies (continued)

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, receivables, replacement reserve investment, bank loan, payables and accruals, sick leave benefit liability, other liabilities, and long term debt. Financial instruments are carried at cost which approximates their fair value.

Deferred revenue

Deferred revenue relating to operations is recognized as related expenses occur. Deferred revenue relating to capital projects is recognized in the period that the resources are used for the specified purposes outlined in its agreement and as the Municipality discharges its obligations, in accordance with the terms and conditions of the agreement.

Deferred gas tax funding (if applicable) and other deferred revenue will be recognized in the period in which the resources are used for the purposes specified.

Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when the following criteria are met.

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality of the County of Victoria is directly responsible; or accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As of March 31, 2022, there are no known contaminated sites identified by management.

2. Taxes receivable	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,184,223	\$ 1,409,310
Levy	9,918,460	9,508,674
Collections for other governments	-	235,939
Interest	<u>114,950</u>	<u>119,604</u>
	11,217,633	11,273,527
Collections	<u>10,032,282</u>	<u>9,991,605</u>
	1,185,351	1,281,922
Write offs, adjustments and exemptions	<u>108,434</u>	<u>97,699</u>
	1,076,917	1,184,223
Valuation allowance	<u>341,121</u>	<u>318,272</u>
	<u>\$ 735,796</u>	<u>\$ 865,951</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

3. Receivables from governments	<u>2022</u>	<u>2021</u>
HST rebate	\$ 202,742	\$ 89,393
Province of Nova Scotia	<u>168,236</u>	<u>336,905</u>
	<u>\$ 370,978</u>	<u>\$ 426,298</u>

4. Other receivables	<u>2022</u>	<u>2021</u>
Sundry receivables	\$ 309,558	\$ 353,938
Patron's board – Alderwood Corporation	<u>45,554</u>	<u>29,869</u>
	<u>\$ 355,112</u>	<u>\$ 383,807</u>

5. Tangible capital assets			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land and improvements	\$ 936,537	\$ -	\$ 936,537	\$ 936,537
Buildings and structures	29,893,004	11,669,498	18,223,506	18,880,647
Parking area	91,300	54,176	37,124	41,249
Equipment				
Pumping and purification	613,414	392,211	221,203	223,593
Machinery	3,792,503	3,252,986	539,517	669,652
Water delivery lines	8,235,649	1,204,443	7,031,206	5,341,204
Meters and hydrants	179,555	144,741	34,814	49,871
Vehicles	1,961,389	1,046,044	915,345	1,028,096
Computer	130,419	119,082	11,337	19,045
C&D site	<u>566,683</u>	<u>248,638</u>	<u>318,045</u>	<u>353,383</u>
	<u>\$ 46,400,453</u>	<u>\$ 18,131,819</u>	<u>\$ 28,268,634</u>	<u>\$ 27,543,277</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

6. Long term debt	<u>2022</u>	<u>2021</u>
Municipal Finance Corporation		
Municipality of the County of Victoria		
1.1% interest bearing loan for operating purposes.		
Loan maturing in August 2023 and payable in monthly		
principal instalments of \$1,202,000 commencing		
in August 2021.	\$ 2,404,000	\$ 3,606,000
Nova Scotia Housing Development Corporation		
Alderwood Corporation		
5.12% mortgage, maturing in June 2035, payable in		
monthly instalments of principal and interest of		
\$163,887. As security for the loan the Corporation		
has provided a first mortgage over the facility		
as well as a general security agreement over all		
other property.	18,952,076	19,931,480
Bank of Nova Scotia		
Highland Manor Municipal Housing Corporation		
Prime + 1.5% term loan maturing in April		
2023, payable in monthly instalments of \$1,611		
plus interest. Loan is secured by a general		
security agreement over all present and		
future property of the Manor.	20,362	39,696
Kubota Canada Ltd.		
Highland Manor Municipal Housing Corporation		
Non-interest bearing loan maturing in September 2024,		
payable in monthly instalments of \$774. Loan is secured		
by a 2016 Kubota tractor with a net book value of \$25,647.	<u>17,118</u>	<u>26,048</u>
	<u>\$ 21,393,556</u>	<u>\$ 23,603,224</u>

Principal repayments required during each of the next five years on long term debt are approximately as follows:

	Municipality of the County of Victoria	Alderwood Corporation	Highland Manor Municipal Housing Corporation
2023	\$ 1,202,000	\$ 1,030,191	\$ 29,294
2024	\$ 1,202,000	\$ 1,083,612	\$ 8,186
2025		\$ 1,139,803	\$ -
2026		\$ 1,198,908	\$ -
2027		\$ 1,261,078	\$ -

The consolidated Municipality incurred interest expense of \$1,014,906 (2021 - \$1,064,134) on long term debt.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

7. Contributions to boards and commissions

Boards and Commissions in which the Municipality has less than a 100% interest:

The Municipality is required to finance the operations of various boards and commissions, along with the other local municipal units to the extent of its participation based on assessment, population or prescribed formulae.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of any deficit must be paid in the next fiscal year while a surplus may be taken into the next year's estimates. Alternatively, the Municipality may provide for its share of the surplus or deficit in the current year.

Details of contributions to these boards and commissions are as follows:

	<u>2022</u>	<u>2021</u>
Cape Breton Island Housing Authority	\$ 28,410	\$ 36,083
Cape Breton Regional Library	\$ 48,000	\$ 46,998
Cape Breton-Victoria Regional Centre for Education	\$ 2,451,200	\$ 2,391,724

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2022.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

8. Other

Total remuneration paid to elected and senior appointed officials of the Municipality are as follows:

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Bruce J. Morrison	Warden	\$ 47,791	\$ 3,062
Larry Dauphinee	Deputy Warden	\$ 28,284	\$ 1,376
Barbara Longva	Councillor	\$ 26,333	\$ 3,414
Fraser Patterson	Councillor	\$ 26,333	\$ 4,216
Paul MacNeil	Councillor	\$ 26,333	\$ 907
Jacqueline Organ	Councillor	\$ 26,333	\$ 2,341
Norman MacDonald	Councillor	\$ 26,333	\$ 1,631
Perla MacLeod	Councillor	\$ 26,333	\$ 312
Leanne MacEachen	CAO	\$ 132,241	\$ 3,630

9. Contingencies

The Municipality has the following loan guarantees:

Village of Baddeck – amount of \$1,100,000 with a balance of \$100,986.

All loan payments are up to date, therefore no provision for losses has been recorded.

10. Landfill closure/post closure costs

The Municipality has adopted a policy of closing and capping landfill cells as they reach capacity. Additionally, they have not opened any new cells as solid waste is being transferred to the landfill facility in the Municipality of the District of Guysborough since January 1, 2006. This policy, combined with the relatively low population of the Municipality, has led management to conclude that any liability is negligible.

The Municipality continues to accept construction and demolition waste (C & D) at its facilities. While regulations are still under development for the management of these materials, space limitations has led to a need to process and/or dispose of these materials. Included in liabilities is an amount of \$15,000 related to the materials currently on site as of March 31, 2022. This estimate was based on a report prepared by consulting engineers in conjunction with the Municipality's staff in 2012.

Municipality of the County of Victoria

Notes to the Consolidated Financial Statements

March 31, 2022

11. Segment disclosure - 2022

	General Government	Protective	Transportation	Environmental health	Public health and welfare	Economic development	Recreation and cultural	Transfers to other governments	Housing Operations	Water treatment and distributions	<u>2022</u>
Revenues											
Taxes	\$ 2,365,410	\$ 2,230,580	\$ 477,823	\$ 1,801,980	\$ 21,333	\$ 82,806	\$ 267,356	\$ 107,040	\$ -	\$ -	\$ 7,354,328
Grants in lieu of taxes	652,313	615,128	131,769	496,933	5,8832	22,835	73,729	29,518	-	-	2,028,107
Government grants and contributions	1,822,031	-	-	-	-	-	15,000	-	-	-	1,837,031
User charges and water rates	-	-	-	-	-	-	-	-	-	605,683	605,683
Other revenue	164,546	-	-	950,048	-	-	-	-	-	-	1,114,594
Sale of services	106,184	-	-	-	-	-	-	-	1,541,360	-	1,647,544
Department of Health and Wellness	-	-	-	-	-	-	-	-	10,175,888	-	10,175,888
Sundry revenue and special funding	-	-	-	-	-	-	-	-	87,549	-	87,549
Interest	59,465	-	-	-	-	-	-	-	-	9,932	69,397
Miscellaneous	96,943	-	-	-	-	-	-	-	-	-	96,943
	<u>5,266,892</u>	<u>2,845,708</u>	<u>609,592</u>	<u>3,248,961</u>	<u>27,215</u>	<u>105,641</u>	<u>356,085</u>	<u>136,558</u>	<u>11,804,797</u>	<u>615,615</u>	<u>25,017,064</u>
Expenses											
Salaries, wages and benefits	1,549,689	67,663	-	1,101,997	-	-	119,867	-	7,947,454	176,118	10,962,788
Materials, goods, supplies and utilities	-	-	452,313	1,157,301	-	-	-	-	692,243	72,956	2,374,813
Contract services	-	1,728,536	-	-	28,410	110,278	-	142,552	464,082	-	2,473,858
Amortization	19,765	1,629	184,035	35,338	-	-	-	-	771,909	109,092	1,121,768
Interest on long term debt	26,444	-	-	-	-	-	-	-	988,462	-	1,014,906
Financial and other operating expenses	1,580,722	1,172,783	-	105,180	-	-	236,189	-	180,786	371,010	3,646,670
	<u>3,176,620</u>	<u>2,970,611</u>	<u>636,348</u>	<u>2,399,816</u>	<u>28,410</u>	<u>110,278</u>	<u>356,056</u>	<u>142,552</u>	<u>11,044,936</u>	<u>729,176</u>	<u>21,594,803</u>
Annual surplus	<u>\$ 2,090,272</u>	<u>\$ (124,903)</u>	<u>\$ (26,756)</u>	<u>\$ 849,145</u>	<u>\$ (1,195)</u>	<u>\$ (4,367)</u>	<u>\$ 29</u>	<u>\$ (5,994)</u>	<u>\$ 759,861</u>	<u>\$ (113,561)</u>	<u>\$ 3,422,261</u>

Municipality of the County of Victoria

Notes to the Consolidated Financial Statements

March 31, 2022

11. Segment disclosure - 2021

	General Government	Protective	Transportation	Environmental health	Public health and welfare	Economic development	Recreation and cultural	Transfers to other governments	Housing Operations	Water treatment and distributions	2021
Revenues											
Taxes	\$ 1,993,903	\$ 2,202,160	\$ 454,330	\$ 1,747,156	\$ 27,513	\$ 87,218	\$ 251,342	\$ 241,823	\$ -	\$ -	\$ 7,005,445
Grants in lieu of taxes	557,716	615,967	127,081	488,698	7,696	24,396	70,303	67,640	-	-	1,959,497
Government grants and contributions	409,643	-	-	22,059	-	-	28,876	-	-	-	460,578
User charges and water rates	-	-	-	-	-	-	-	-	-	607,821	607,821
Other revenue	161,829	-	-	672,310	-	-	-	-	-	-	834,139
Collections for other governments	235,939	-	-	-	-	-	-	-	-	-	235,939
Sale of services	108,712	-	-	-	-	-	-	-	1,524,410	-	1,633,122
Department of Health and Wellness	-	-	-	-	-	-	-	-	10,718,575	-	10,718,575
Sundry revenue and special funding	-	-	-	-	-	-	-	-	81,040	-	81,040
Interest	32,175	-	-	-	-	-	-	-	-	10,845	43,020
Miscellaneous	273,206	-	-	-	-	-	-	-	-	-	273,206
	<u>3,773,123</u>	<u>2,818,127</u>	<u>581,411</u>	<u>2,930,223</u>	<u>35,209</u>	<u>111,614</u>	<u>350,521</u>	<u>309,463</u>	<u>12,324,025</u>	<u>618,666</u>	<u>23,852,382</u>
Expenses											
Salaries, wages and benefits	1,543,813	65,078	-	1,094,484	-	-	138,537	-	8,490,447	176,118	11,508,477
Materials, goods, supplies and utilities	-	-	401,975	1,157,301	-	-	-	-	767,462	72,956	2,399,694
Contract services	-	1,642,034	-	-	36,083	114,387	-	317,153	425,129	-	2,534,786
Amortization	18,857	1,699	193,883	39,265	-	-	-	-	805,746	109,213	1,168,663
Interest on long term debt	26,444	-	-	-	-	-	-	-	1,037,690	-	1,064,134
Financial and other operating expenses	1,052,351	1,179,340	-	360	-	-	191,100	-	144,454	255,491	2,823,096
	<u>2,641,465</u>	<u>2,888,151</u>	<u>595,858</u>	<u>2,291,410</u>	<u>36,083</u>	<u>114,387</u>	<u>329,637</u>	<u>317,153</u>	<u>11,670,928</u>	<u>613,778</u>	<u>21,498,850</u>
Annual surplus	<u>\$ 1,131,658</u>	<u>\$ (70,024)</u>	<u>\$ (14,447)</u>	<u>\$ 638,813</u>	<u>\$ (875)</u>	<u>\$ (2,773)</u>	<u>\$ 20,884</u>	<u>\$ (7,689)</u>	<u>\$ 653,097</u>	<u>\$ 4,888</u>	<u>\$ 2,353,532</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

12. Employee benefit obligations – sick leave benefit liability

Summary:

	<u>2022</u>	<u>2021</u>
Municipality of the County of Victoria	\$ 373,743	\$ 327,496
Alderwood Corporation	<u>326,500</u>	<u>306,900</u>
	<u>\$ 700,243</u>	<u>\$ 634,396</u>

Municipality of the County of Victoria:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and accumulating and vesting. The valuation was completed as at March 31, 2021 and projected by the actuary to March 31, 2022.

Actuarial Method:

The actuarial cost method used was the “Projected Unit Credit” method (also known as the “Projected Accrued Benefit” method) pro - rated on service.

Accrued benefit liability / (asset) on the consolidated statement of financial position:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 327,496	\$ 663,446
Benefit period cost	35,036	42,100
Change due to plan amendment	-	(300,850)
Actuarial loss	40,760	-
Interest accrued	10,966	21,400
Benefit payments	<u>(40,515)</u>	<u>(98,600)</u>
Balance, end of year (unfunded)	<u>\$ 373,743</u>	<u>\$ 327,496</u>

Assumptions:

Discount rate:	3.0% (2021 – 3.0%) per annum
Salary increases:	2.75% (2021 - 2.75%) per annum
Mortality rate:	Uninsured Pensioners 1994 with mortality improvement projections to 2040
Retirement age:	End of the year in which age 65 is attained, or in 1 year if already 65
Termination rate:	Ontario Light Termination Rates
days	

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

12. Employee benefit obligations – sick leave benefit liability (continued)

Early future retirement rates: 25% in the earliest year of meeting rules for no reduction in pension; 10% in subsequent years
 EARSL: 10 years for the sick leave benefits

Plan Provisions:

The main provisions of the program are as follows:

- Eligible employees are granted 2.0 sick leave days per month (i.e., 24 days per year based on an employee working full time). This number is prorated for those employed less than full-time
- Employees may accumulate 100% of their unused sick time, up to a maximum of 180 days in a sick leave bank
- The sick leave payout bank is greater of 50% of accumulated credits (of a maximum of 180 days) at retirement or \$500 per year of service.

Alderwood Corporation:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Entity has employees that have sick benefits that are accumulating and non-vesting. The valuation was completed as at March 31, 2022.

Actuarial Method:

The actuarial cost method used was the “Projected Unit Credit” method (also known as the “Projected Accrued Benefit” method) pro - rated on service.

Components of benefit expense under PS3250:

	<u>2022</u>	<u>2021</u>
Current period benefit cost	\$ 44,500	\$ 43,000
Interest expense	<u>10,800</u>	<u>10,400</u>
Benefit expense	<u>\$ 55,300</u>	<u>\$ 53,400</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

	<u>2022</u>	<u>2021</u>
Balance, beginning and end of year (unfunded)	\$ 306,900	\$ 298,700
Benefit expense	44,500	43,000
Interest expense	10,800	10,400
Benefit payments	(42,200)	(45,200)
Loss on accrued benefit obligation	<u>6,500</u>	<u>-</u>
Balance, end of year (unfunded)	<u>\$ 326,500</u>	<u>\$ 306,900</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

12. Employee benefit obligations – sick leave benefit liability (continued)

Assumptions:

Discount rate:	3.5% per annum
Salary increases:	2.0% per annum
Mortality rate:	100% of CPM-2014 Public with future mortality improvements according to scale CPM-B and MI-2017
Retirement age:	End of the year in which age 62 is attained
Current year sick leave utilization:	Probability of usage and average number of sick leave bank days used

Plan Provisions:

The main provisions of the program are as follows:

- Eligible CUPE and NSNU employees are granted 144 sick leave hours per year (i.e. 18 days per year based on an employee working 2080 hours per year). These amounts are prorated for those employed less than full-time.
- Employees may accumulate 100% of their unused sick time in a sick leave bank, up to a maximum of:
 - 1,200 hours for CUPE employees; and
 - 960 hours for NSNU employees.
- Unused accumulated sick leave banks at termination, retirement, or death are forfeited.

13. Employee benefit obligations – pension plans

Defined contribution plans

Municipality of the County of Victoria

The Municipality provides a defined contribution pension plan whereby it matches employee contributions up to a maximum of 9%. These obligations are paid on a monthly basis. During the year contributions were made under the terms of the plan totalling \$168,221 (2021 - \$167,796). These contributions were recorded as expenses of the period.

Alderwood Corporation:

The Corporation has contributed \$296,927 (2021 - \$328,083) to the employee's defined contribution plan for the year ended March 31, 2022, which has been included with housing operations expense in the consolidated financial statements.

For earnings up to the yearly maximum pensionable earnings (YMPE) the Home contributes 9.22% of gross wages to a registered pension plan which requires contributions of 7.82% from employees. Once earnings exceed YMPE the Home contributes 11.58% and the employees contribute 10.18%.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

13. Employee benefit obligations – pension plans (continued)

Defined benefit pension plans

Highland Manor Municipal Housing Corporation:

Eligible employees of the Corporation participate in the Nova Scotia Health Employees' Pension Plan, which is a 3rd party administered defined plan. During the year, the Home paid \$119,867 (2021 - \$124,783) in employer contributions to the plan at an average rate of 9.48% (2021 – 9.46%) of pensionable earnings totalling \$1,263,714 (2021 - \$1,318,888). In addition, the Manor paid \$3,124 (2021 - \$3,276) in employer contributions for employees on a self directed RRSP plan which cost shared equally at 5.95% (2021 - \$5.95%).

Municipality of the County of Victoria

The Municipality of the County of Victoria sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services which are determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plan.

Actuarial valuations for accounting purposes are performed triennially using the projected unit credit method. The most recent actuarial valuation was prepared at March 31, 2020 and at that time the pension plan had an accrual benefit obligation of \$50,007. The next actuarial valuation will be completed in the fall of 2023.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipalities' best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2.0 percent;
- the discount rate used to determine the accrued benefit obligation is 4.75 percent;
- the expected rate of return is 4.5 percent; and
- Retirement age is 65.

Pension fund assets are valued at market values. The result of the 2020 valuation is as follows:

Market value of the pension plan asset	\$ 230,566
Accrued benefit obligation	<u>(280,573)</u>
Pension plan deficit	<u>\$ (50,007)</u>

Under Nova Scotia Pension Plan regulations, the Municipality has 10 years to fund the deficit arising from the valuation.

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

14. Deferred revenue

Deferred revenue is comprised of deferred gas tax revenue and safe restart funding received for COVID-19 relief. These are reported on the consolidated statement of financial position as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 2,368,062	\$ 1,784,630
Revenue		
Federal gas tax grants received	869,393	424,318
Federal safe restart funding	-	237,722
Expenditure		
Federal gas tax grants spent/allocated	(251,109)	(63,648)
Federal safe restart funding	<u>(222,762)</u>	<u>(14,960)</u>
	<u>\$ 2,763,584</u>	<u>\$ 2,368,062</u>

Deferred gas tax revenue includes gas tax funding received but not spent in accordance with *PS 3410 – Government Transfers*, which the Municipality applied prospectively beginning April 1, 2012. Since PS 3410 was applied prospectively, any gas tax funding received prior to April 1, 2012 remains in the Municipality's accumulated surplus, regardless if it has been spent or not. Gas tax funding is required to be spent on certain eligible projects in accordance with the Canada-Nova Scotia Federal Gas Tax agreement.

15. Trust funds

The Trust Funds being administered by the Municipality of the County of Victoria (Alderwood Corporation) are not consolidated with the accounts of the Municipality. At March 31, 2022, the equity in Trust Funds under its trusteeship amounted to \$86,818 (2021 - \$138,585).

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

16. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net debt has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations against tax revenues, reclassification of revenues and expenses amongst categories, and the elimination of revenues and expenses between the Municipality and its consolidated entities. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statement:

	Approved <u>Fiscal Plan</u>	<u>Adjustments</u>	Fiscal Plan Per Consolidated Financial <u>Statements</u>
Revenue			
Municipal taxation	\$ 9,656,609	\$ (2,451,199)	\$ 7,205,410
Grants in lieu of taxes	1,989,214,	-	1,989,214
Government grants and contributions	792,410	(13,433)	778,977
User charges and water rates	895,429	(284,429)	611,000
Other revenue	-	-	-
Collections for other governments	778,977	13,433	792,410
Sale of services	94,255	-	94,255
Interest revenue	-	8,600	8,600
	<u>14,206,894</u>	<u>(2,727,028)</u>	<u>11,479,866</u>
Expenses			
General government services	3,379,646	267,425	3,647,071
Protective services	3,179,336	(143,143)	3,036,193
Transportation services	474,281	-	474,281
Environmental health services	2,900,158	-	2,900,158
Economic developmental services	126,000	-	126,000
Public health and welfare services	-	54,367	54,367
Recreational and cultural services	539,138	70,500	609,638
Water treatment and distribution	714,529	-	714,529
Transfers to other governments	(176,692)	251,140	74,448
Fiscal services	<u>3,050,625</u>	<u>(3,050,625)</u>	<u>-</u>
	<u>14,187,021</u>	<u>(2,550,336)</u>	<u>11,636,685</u>
Annual surplus	<u>\$ 19,873</u>	<u>\$ (176,692)</u>	<u>\$ (156,819)</u>

Municipality of the County of Victoria

Notes to the consolidated financial statements

March 31, 2022

17. Operating line of credit

Alderwood Corporation

As part of the Home's banking agreement with the East Coast Credit Union, they have access to a \$350,000 line of credit bearing interest at prime. As at March 31, 2022, there were no funds drawn on this account.

Highland Manor Municipal Housing Corporation

\$100,000 line of credit, with the Bank of Nova Scotia is repayable on a demand basis. Security is a general security agreement over all present and future personal property of the Manor. Interest is charged at a rate of prime plus 1%. As at March 31, 2022, there was \$30,000 drawn on this account.

Municipality of the County of Victoria

Schedule of tangible capital assets

March 31, 2022

Tangible capital assets

	Land & land Improvements	Buildings & Structures	Parking Area	C&D Landfill Site	Equipment Pumping & Purification	Machinery	Water Delivery Lines
Cost:							
Balance, beginning of year	\$ 936,537	\$ 29,810,911	\$ 91,300	\$ 566,683	\$ 613,414	\$ 3,781,818	\$ 6,481,302
Net additions	-	82,093	-	-	-	10,685	1,754,347
Less: Disposals	-	-	-	-	-	-	-
Balance, end of year	<u>\$ 936,537</u>	<u>\$ 29,893,004</u>	<u>\$ 91,300</u>	<u>\$ 566,683</u>	<u>\$ 613,414</u>	<u>\$ 3,792,503</u>	<u>\$ 8,235,649</u>
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 10,930,264	\$ 50,051	\$ 213,300	\$ 389,821	\$ 3,112,166	\$ 1,140,098
Amortization for the year	-	739,234	4,125	35,338	2,390	140,820	64,345
Less: Accumulated depreciation on disposal	-	-	-	-	-	-	-
Balance, end of year	-	<u>11,669,498</u>	<u>54,176</u>	<u>248,638</u>	<u>392,211</u>	<u>3,252,986</u>	<u>1,204,443</u>
Net book value of tangible capital assets	<u>\$ 936,537</u>	<u>\$ 18,223,506</u>	<u>\$ 37,124</u>	<u>\$ 318,045</u>	<u>\$ 221,203</u>	<u>\$ 539,517</u>	<u>\$ 7,031,206</u>

Municipality of the County of Victoria

Schedule of tangible capital assets

March 31, 2022

Tangible capital assets (continued)

	Meters & Hydrants	Vehicles	Information Technology	Total 2022	Total 2021
Cost:					
Balance, beginning of year	\$ 179,555	\$ 1,961,389	\$ 130,419	\$ 44,553,328	\$ 44,260,333
Net additions	-	-	-	1,847,125	622,819
Less: Disposals	-	-	-	-	329,824
Balance, end of year	<u>\$ 179,555</u>	<u>\$ 1,961,389</u>	<u>\$ 130,419</u>	<u>\$ 46,400,453</u>	<u>\$ 44,553,328</u>
Accumulated amortization:					
Balance, beginning of year	\$ 129,684	\$ 933,293	\$ 111,374	\$ 17,010,051	\$ 16,095,841
Amortization for the year	15,057	112,751	7,708	1,121,768	1,168,663
Less: Accumulated depreciation on disposal	-	-	-	-	254,453
Balance, end of year	<u>144,741</u>	<u>1,046,044</u>	<u>119,082</u>	<u>18,131,819</u>	<u>17,010,051</u>
Net book value of tangible capital assets	<u>\$ 34,814</u>	<u>\$ 915,345</u>	<u>\$ 11,337</u>	<u>\$ 28,268,634</u>	<u>\$ 27,543,277</u>